

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6959**

**BILL NUMBER:** HB 1283

**NOTE PREPARED:** Jan 13, 2014

**BILL AMENDED:**

**SUBJECT:** High Performance School Buildings.

**FIRST AUTHOR:** Rep. Pierce

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that a public works contract for the construction, reconstruction, repair, alteration, or retrofitting of a building that is or will be owned by or leased to a school corporation must require that the building be designed with the goal of achieving:

- (1) the Silver certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system;
- (2) the Two Globes certification under the Green Building Initiative's Green Globes rating system;
- or
- (3) an equivalent rating under an equivalent rating system that is accredited by the American National Standards Institute.

The bill requires that the plans and specifications for the contract be written in consideration of the historic or aesthetic qualities of the building and the availability of local materials, and provides for the potential use of Indiana hardwood lumber, if practicable.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary-* The bill requires that buildings owned or leased by school corporations that meet the bill's criteria concerning public works contracts for construction and renovation will be required to be designed with the goal of achieving the LEED Silver certification under the LEED for

Schools rating system, the Green Globes Two Globes rating, or an equivalent standard that is accredited by the American National Standards Institute. The bill applies to contracts entered into after December 31, 2014, and the total value of the project subject to the contract must be at least \$1 M. The cost to obtain LEED certification and Green Globes certification depends upon the square footage of the projects.

The long-term impact is the extent to which cost savings from reduced energy, water, and waste and lower operations and maintenance costs exceed any initial increase in construction or renovation costs associated with employing the energy-efficient standards. The impact attributable to utilizing energy-efficient techniques in buildings will vary by project, available resources, and depend on the ongoing efforts to continue energy-efficient practices after the project is built.

*Additional Information-* Typically, any up-front costs are lower if energy-efficient techniques are incorporated early into the design process. Utilizing an “integrated design” approach early in the process assists in determining priorities for projects to fit within the prescribed budget, and can protect against “over design” which could potentially add additional costs. Some studies indicate that it can be difficult to determine if the final construction costs of projects compared to initial budgets increased due to green building elements because projects may incorporate the elements into their initial budgets.

Two Indianapolis Public Schools have achieved Silver certification under the LEED for Schools rating system. Both of these projects were renovations. According to the architecture firm involved in the projects, there were no major cost implications involved with achieving this standard. Energy efficiency practices were incorporated into the facilities undergoing renovation at no additional cost.

Initially, the electricity costs for both schools increased because they were not cooled until the renovation projects took place. However, comparing the electricity costs for 2011 and 2012 demonstrate a decrease of about 2% for one school and 6% for the other school.

*LEED Rating System-* According to the U.S. Green Building Council’s website, the LEED for Schools rating system “focuses on classroom acoustics, master planning, mold prevention, environmental site assessment and other issues important to these buildings.” The rating is determined by earning points in a number of categories, including sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation, and regional priority. Projects may receive Certified, Silver, Gold, or Platinum certification depending on the number of benchmarks met. According to the Green Building Information Gateway website, there are three school facilities in Indiana that have received LEED Silver certification under the LEED for Schools rating system.

*Green Building Initiative’s Rating System-* To achieve the Green Building Initiatives Two Globes rating, a building must achieve 550-690 of the 1,000 points possible. Areas evaluated include energy, indoor environment, emissions, materials and resources, environmental management, project management, site location, and water.

#### **Explanation of Local Revenues:**

#### **State Agencies Affected:**

**Local Agencies Affected:** School corporations.

**Information Sources:** U.S. Green Building Council, <http://www.usgbc.org/>; Green Building Information Gateway, <http://www.gbig.org/>; The Green Building Initiative, <http://www.thegbi.org/>; CNT Energy and the U.S. Green Building Council, Illinois Chapter, *Regional Green Building Case Study: Year Two Report*, September 2011; Matthiessen, Lisa Fay and Peter Morris, “Cost of Green Revisited.” Davis Langdon, July 2007; U.S. Environmental Protection Agency Region 5, *Removing Market Barriers to Green Development*, December, 2008; Chris Gerrity, Schmidt Associates, 317-263-6226; Douglas Bye, Director of Facilities for Indianapolis Public Schools.

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.